

Message Text

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TAGS: EFIN, EAID, EMIN, PFOR, TO

SUBJ: NATIONALIZATION OF CTMB

REF: (A) STATE 39693 (B) LOME 338

1. EMBASSY CANNOT CONFIRM DEADLOCK REPORTED PARA (1) REFTEL (A) BUT REPORTS FOLLOWING BACKGROUND OBTAINED FROM DE RICHEMONT, PRESIDENT DIRECTOR GENERAL OF W.R. GRACE (FRANCE) FOLLOWING MEETINGS TO DISCUSS COMPENSATION IN LOME FEBRUARY 22 AND 23.

2. PRIVATE SHAREHOLDERS' REPRESENTATIVES FIRST MET IN LOME FEB 22 WITH GOT MINISTERS KODJO, MIVEDOR, TEVI AND ADVISOR ASSOR, TO DISCUSS WHAT MIVEDOR CALLED "PURCHASE OF SHARES IN LINE WITH PROPOSAL MADE BY CTMB IN PARIS," BUT WHICH KODJO PERSISTED IN SAYING WAS NOTHING MORE THAN "INDEMNITY" TO SHAREHOLDERS.

3. PRIVATE SIDE OFFERED TO SELL SHARES AT TEN TIMES 1973 DIVIDENT, I.E., 36,000 CFA PER SHARE, OR 17 BILLION CFA. THEY HELD THIS TO BE REASONABLE, NOT BASED ON BIG PRICE INCREASE, WHICH OCCURRED TOO LATE IN YEAR TO AFFECT DIVIDEND. ALSO CLAIMED ENTERPRISE WOULD REALIZE PROFITS OF 14 BILLION CFA IN 1974 ALONE. PRESENTED 1973 BALANCE SHEET WHICH GOT TEAM AGREED TO EXAMINE. MEETING ADJOURNED UNTIL FEB 23.

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4. BETWEEN MEETINGS ASSOR MET WITH CTMB LAWYER LBIRETTE WHO WARNED ASSOR TO KEEP EYADEMA FROM DOING ANYTHING RASH, SUCH AS SETTLING ISSUE OF "TRANSMISSION OF POWERS" TO NEW (AS YET STILL UNCREATED) BOARD OF DIRECTORS BY UNILATERAL DECREE. SHOULD THIS BE DONE, CTMB WOULD DEMAND RECOURSE TO ARBITRATION AND WOULD OBTAIN COURT ORDER TO FREEZE AND BLOCK ALL CTMB ASSETS IN FRANCE. LOIRETTE ALSO NAMED 12 BILLION AS "ROCK BOTTOM PRICE" PRIVATE PARTIES WOULD ACCEPT AND SAID THEY WOULD ACCEPT ROCK PHOSPHATE AS PAYMENT IN PART, (WHICH CHECKS WITH PARA 2 REFTEL (A)). ASSOR AND LOIRETTE AGREED THAT MR MOUSSA, GENERAL MANAGER OF BANQUE DE PARIS ET DES PAYS-BAS, WHICH OWNS CTMB SHAREHOLDER COFIMER, AND WHO IS SAID BY DE RICHEMONT TO BE TRUSTED BY EYADEMA, WOULD COME TO LOME ON MARCH 4 TO SEE EYADEMA AND CLINCH DEAL. IT WAS AGREED BY LAWYERS THAT IT WOULD BE NECESSARY TO STALL THE MINISTERS OFF UNTIL THEN.

5. AT SECOND MEETING, GOT TEAM TOOK STAND THAT COMPENSATION SHOULD BE BASED ON BOOK VALUE OF SHARES PLUS DIVIDEND, TOTAL OF 4 BILLION CFA, DESCRIBED AS "INDEMNITY," AND ARGUED THAT FORMULA BASED ON MULTIPLE OF 1973 EARNINGS IS "SPECULATION." PRIVATE SIDE COUNTERED THAT FAIR REVALUATION OF BOOK VALUE ITSELF WOULD BE 14,000 CFA PER SHARE. TAKING FIRST OFFER OF 36,000 PER SHARE AND 14,000, FOR TOTAL OF 50,000 AND DIVIDING IN HALF FOR COMPROMISE, GIVES 25,000 PER SHARE, OR 12 BILLION TOTAL, WHICH PRIVATE SIDE PRESENTED AS COMPROMISE OFFER. MEETING ADJOURNED.

6. ASSOR AND LOIRETTE WERE TO MEET AGAIN LATE ON FEB 23; DE RICHEMONT REPORTED ASSOR WANTS VERY MUCH TO MAKE A DEAL. OTHER MEETINGS WERE HELD FEB 23 TO DISCUSS TECHNICAL ASSISTANCE TO KEEP OPERATIONS GOING, AND TECHNICALITIES OF RECRUITING EXPATRIATES FOR THIS PURPOSE. GOT AGREED TO SEND TEAM TO CTMB PARIS TO DISCUSS.

7 DE RICHEMONT'S NEXT STEP, HE SAID, WOULD BE TO FIND OUT WHAT GRACE'S FINAL POSITION WOULD BE (TAKING INTO ACCOUNT RELATIONS WITH OPIC) BEFORE ARRIVAL OF MOUSSA. HE CONFIRMED THAT MOROCCANS ARE ADVISING TOGOLESE; HE IS ALSO "90 PERCENT SURE THEY HAVE BEEN OFFERED TECHNICAL ASSISTANCE." HE BELIEVES KARIM LAMRANI, FORMER PM OF MOROCCO AND PRESENT CONFIDENTIAL

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HEAD OF OFFICE CHERIFIEN DES PHOSPHATES, IS SEEKING TO ESTABLISH MOROCCAN HEGEMONY OVER MARKETING OF AFRICAN PHOSPHATES; "HE HAS AMBITION TO REVIVE OLD FRENCH COMPTOIR DES PHOSPHATES DE L'AFRIQUE DU NORD" UNDER MOROCCAN LEADERSHIP, AND WOULD LIKE TO GET TOGO, LIKE TUNISIA, TO FOLLOW HIS LEAD. HE HAS REPEATEDLY COUNSELED TOGOLESE TO BE MODERATE AND REACH AN AMICABLE SETTLEMENT TO AVOID WRECKING RELATIONS WITH POWERFUL CUSTOMERS.;

8. COMMENT: AS RECENTLY AS SUMMER OF 1972 GRACE WAS SEEKING TO SELL SHARES TO IMCC FOR 14,000 CFA. GOVT WAS ATTEMPTING TO BUY SOME SHARES AT BOOK VALUE OF ABOUT 6,300 CFA. RESULT WAS ISSUANCE TO GOVT OF NEW SHARES VALUED AT 6,900 CFA. FOR GRACE AND OTHER PARTNERS TO ASK 36,000 CFA NOW, OR EVEN 25,000 CFA, COULD BE MADE TO SOUND TO EYADEMA AS UNREASONABLE EFFORT TO PROFIT FROM NEW PRICES, BENEFITS OF WHICH HE SEEMS DETERMINED TO TAKE FOR TOGO. HOPE PARTNERS DO NOT UNDERESTIMATE HIM OR OVERESTIMATE ASSOR, WHO FROM REPORTS CONTAINED REFTTEL (A) APPEARS TO BE PLAYING DOUBLE GAME, OR PRETENDING TO. DICKINSON

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